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AZ CORP COMMISSION  
DOCKET CONTROL

November 14, 2008

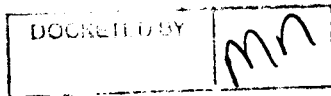
Re: Renewable Energy Implementation Costs

TEP Docket # E-01933A-07-0594

Arizona Corporation Commission

DOCKETED

NOV 14 2008



Dear Parties to the Docket:

Last year I reluctantly dissented from the Commission-approved renewable energy implementation plans for Arizona Public Service,<sup>1</sup> Tucson Electric Power,<sup>2</sup> and Unisource Electric.<sup>3</sup> I did so not because I oppose renewable energy or the renewable energy standard and tariff rules, but because the Commission's refusal to relax the requirement in A.A.C. R14-2-1805(D) unjustifiably drove up the costs of renewable energy.

As the Commission prepares to consider renewable energy implementation plans for 2009, I would like all parties in this docket to be prepared to identify the portion of the total cost of the implementation plan that is attributable to: (1) the company's requirement to acquire renewable energy pursuant to A.A.C. R14-2-1804, (2) the company's requirement to obtain distributed energy pursuant to A.A.C. R14-2-1805(A) & (B) and (3) the company's requirement to ensure that 50% of its distributed energy come from residential applications and 50% come from non-residential applications pursuant to A.A.C. R14-2-1805(D).

In addition, I note that UNS Electric Company has indicated that its costs to satisfy its renewable energy requirements under A.A.C. R14-2-1804 will be approximately \$500,000 per year, whereas Morenci Water & Electric Company has indicated that its costs will be approximately \$1.3 million. UNS Electric and Morenci Water and Electric have similar annual kWhs. I am curious about what is causing this anomaly, and in order to identify any additional anomalies, I

<sup>1</sup> ACC Decision No. 70313, available at <http://images.edocket.azcc.gov/docketpdf/0000084405.pdf>.

<sup>2</sup> ACC Decision No. 70314, available at <http://images.edocket.azcc.gov/docketpdf/0000084406.pdf>.

<sup>3</sup> ACC Decision No. 70315, available at <http://images.edocket.azcc.gov/docketpdf/0000084407.pdf>.

August 14, 2008

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would like Commission staff to file in each docket a table listing all of Arizona utilities' (1) yearly kWhs, (2) projected renewable energy costs and (3) projected renewable energy costs per kWh.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary A. Pierce". The signature is fluid and cursive, with the first name "Gary" being more prominent and the last name "Pierce" following in a similar style.

Commissioner Gary Pierce

cc: Chairman Mike Gleason  
Commissioner William Mundell  
Commissioner Jeff Hatch-Miller  
Commissioner Kris Mayes  
Brian McNeil, Executive Director  
Ernest Johnson, Utilities Division  
Janice Alward, Chief Counsel